

AMENDED IN ASSEMBLY FEBRUARY 9, 2012

AMENDED IN SENATE MAY 17, 2011

AMENDED IN SENATE MARCH 24, 2011

SENATE BILL

No. 314

Introduced by Senator Vargas

February 14, 2011

~~An act to amend Section 107.4 of the Revenue and Taxation Code, relating to taxation.~~ *An act to amend Section 214 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.*

LEGISLATIVE COUNSEL'S DIGEST

SB 314, as amended, Vargas. ~~Taxation: military housing.~~ *Property taxation: welfare exemption: leased property: City of San Diego: Redevelopment Agency of the City of San Diego.*

Existing property tax law, in accordance with the California Constitution, provides for a "welfare exemption" for property that is used exclusively for religious, hospital, scientific, or charitable purposes and that is owned or operated by certain types of nonprofit entities if certain qualifying criteria are met.

This bill would provide that property used exclusively for charitable purposes and located within the former Naval Training Center in San Diego and leased by the City of San Diego or the Redevelopment Agency of the City of San Diego to a nonprofit entity or to an entity controlled by the nonprofit entity shall be deemed to be included within the welfare exemption and shall be entitled to a partial exemption, as specified, in any year in which the development of the property is being financed with funds made available through specified federal tax credit programs.

This bill would make legislative findings and declarations as to the necessity of a special statute.

By imposing new duties upon local tax officials with respect to the welfare exemption, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Section 2229 of the Revenue and Taxation Code requires the Legislature to reimburse local agencies annually for certain property tax revenues lost as a result of any exemption or classification of property for purposes of ad valorem property taxation.

This bill would provide that, notwithstanding Section 2229 of the Revenue and Taxation Code, no appropriation is made and the state shall not reimburse local agencies for property tax revenues lost by them pursuant to the bill.

This bill would take effect immediately as a tax levy.

~~Existing property tax law requires that all property subject to tax be assessed at its full value, and includes certain possessory interests among those property interests that are subject to tax. Existing property tax law defines a taxable possessory interest to be a use that is independent, durable, and exclusive. Existing property tax law specifies that, for purposes of the definition of a taxable possessory interest, a possession or use is not independent if it is pursuant to a contract that includes, but is not limited to, a long-term lease for the private construction, renovation, rehabilitation, replacement, management, or maintenance of housing for active duty military personnel or their dependents, or both, if the housing units and the private contractor constructing the housing meet specified criteria. One of these criteria requires any reduction or, if the amount of reduction is unknown, the private contractor's reasonable estimate of savings, in property taxes on leased property used for military housing, as defined, inures solely to the benefit of the residents of the military housing through improvements.~~

Existing property tax law provides for escape assessments to be made within 4 years after July 1 of the assessment year in which the property escaped taxation or was under assessed.

This bill would authorize the county assessor, if the military requires the property tax savings described above to be held in a reserve account for specified use, to levy an escape assessment within 4 years after July 1 of the assessment year in which the property tax savings are withdrawn from the reserve account.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: ~~no~~-yes.

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 214 of the Revenue and Taxation Code*
2 *is amended to read:*
3 214. (a) Property used exclusively for religious, hospital,
4 scientific, or charitable purposes owned and operated by
5 community chests, funds, foundations, limited liability companies,
6 or corporations organized and operated for religious, hospital,
7 scientific, or charitable purposes is exempt from taxation, including
8 ad valorem taxes to pay the interest and redemption charges on
9 any indebtedness approved by the voters prior to July 1, 1978, or
10 any bonded indebtedness for the acquisition or improvement of
11 real property approved on or after July 1, 1978, by two-thirds of
12 the votes cast by the voters voting on the proposition, if:
13 (1) The owner is not organized or operated for profit. However,
14 in the case of hospitals, the organization shall not be deemed to
15 be organized or operated for profit if, during the immediately
16 preceding fiscal year, operating revenues, exclusive of gifts,
17 endowments and grants-in-aid, did not exceed operating expenses
18 by an amount equivalent to 10 percent of those operating expenses.
19 As used herein, operating expenses include depreciation based on
20 cost of replacement and amortization of, and interest on,
21 indebtedness.
22 (2) No part of the net earnings of the owner inures to the benefit
23 of any private shareholder or individual.
24 (3) The property is used for the actual operation of the exempt
25 activity, and does not exceed an amount of property reasonably
26 necessary to the accomplishment of the exempt purpose.

1 (A) For the purposes of determining whether the property is
2 used for the actual operation of the exempt activity, consideration
3 shall not be given to use of the property for either or both of the
4 following described activities if that use is occasional:

5 (i) The owner conducts fundraising activities on the property
6 and the proceeds derived from those activities are not unrelated
7 business taxable income, as defined in Section 512 of the Internal
8 Revenue Code, of the owner and are used to further the exempt
9 activity of the owner.

10 (ii) The owner permits any other organization that meets all of
11 the requirements of this subdivision, other than ownership of the
12 property, to conduct fundraising activities on the property and the
13 proceeds derived from those activities are not unrelated business
14 taxable income, as defined in Section 512 of the Internal Revenue
15 Code, of the organization, are not subject to the tax on unrelated
16 business taxable income that is imposed by Section 511 of the
17 Internal Revenue Code, and are used to further the exempt activity
18 of the organization.

19 (B) For purposes of subparagraph (A):

20 (i) “Occasional use” means use of the property on an irregular
21 or intermittent basis by the qualifying owner or any other qualifying
22 organization described in clause (ii) of subparagraph (A) that is
23 incidental to the primary activities of the owner or the other
24 organization.

25 (ii) “Fundraising activities” means both activities involving the
26 direct solicitation of money or other property and the anticipated
27 exchange of goods or services for money between the soliciting
28 organization and the organization or person solicited.

29 (C) Subparagraph (A) shall have no application in determining
30 whether paragraph (3) has been satisfied unless the owner of the
31 property and any other organization using the property as provided
32 in subparagraph (A) have filed with the assessor a valid
33 organizational clearance certificate issued pursuant to Section
34 254.6.

35 (D) For the purposes of determining whether the property is
36 used for the actual operation of the exempt activity, consideration
37 shall not be given to the use of the property for meetings conducted
38 by any other organization if the meetings are incidental to the other
39 organization’s primary activities, are not fundraising meetings or
40 activities as defined in subparagraph (B), are held no more than

1 once per week, and the other organization and its use of the
2 property meet all other requirements of paragraphs (1) to (5),
3 inclusive, of this subdivision. The owner or the other organization
4 also shall file with the assessor a copy of a valid, unrevoked letter
5 or ruling from the Internal Revenue Service or the Franchise Tax
6 Board stating that the other organization, or the national
7 organization of which it is a local chapter or affiliate, qualifies as
8 an exempt organization under Section 501(c)(3) or 501(c)(4) of
9 the Internal Revenue Code or Section 23701d, 23701f, or 23701w.

10 (E) Nothing in subparagraph (A), (B), (C), or (D) shall be
11 construed to either enlarge or restrict the exemption provided for
12 in subdivision (b) of Section 4 and Section 5 of Article XIII of the
13 California Constitution and this section.

14 (4) The property is not used or operated by the owner or by any
15 other person so as to benefit any officer, trustee, director,
16 shareholder, member, employee, contributor, or bondholder of the
17 owner or operator, or any other person, through the distribution
18 of profits, payment of excessive charges or compensations, or the
19 more advantageous pursuit of their business or profession.

20 (5) The property is not used by the owner or members thereof
21 for fraternal or lodge purposes, or for social club purposes except
22 where that use is clearly incidental to a primary religious, hospital,
23 scientific, or charitable purpose.

24 (6) The property is irrevocably dedicated to religious, charitable,
25 scientific, or hospital purposes and upon the liquidation,
26 dissolution, or abandonment of the owner will not inure to the
27 benefit of any private person except a fund, foundation, or
28 corporation organized and operated for religious, hospital,
29 scientific, or charitable purposes.

30 (7) The property, if used exclusively for scientific purposes, is
31 used by a foundation or institution that, in addition to complying
32 with the foregoing requirements for the exemption of charitable
33 organizations in general, has been chartered by the Congress of
34 the United States (except that this requirement shall not apply
35 when the scientific purposes are medical research), and whose
36 objects are the encouragement or conduct of scientific
37 investigation, research, and discovery for the benefit of the
38 community at large.

39 The exemption provided for herein shall be known as the
40 “welfare exemption.” This exemption shall be in addition to any

1 other exemption now provided by law, and the existence of the
2 exemption provision in paragraph (2) of subdivision (a) of Section
3 202 shall not preclude the exemption under this section for museum
4 or library property. Except as provided in subdivision (e), this
5 section shall not be construed to enlarge the college exemption.

6 (b) Property used exclusively for school purposes of less than
7 collegiate grade and owned and operated by religious, hospital, or
8 charitable funds, foundations, limited liability companies, or
9 corporations, which property and funds, foundations, limited
10 liability companies, or corporations meet all of the requirements
11 of subdivision (a), shall be deemed to be within the exemption
12 provided for in subdivision (b) of Section 4 and Section 5 of Article
13 XIII of the California Constitution and this section.

14 (c) Property used exclusively for nursery school purposes and
15 owned and operated by religious, hospital, or charitable funds,
16 foundations, limited liability companies, or corporations, which
17 property and funds, foundations, limited liability companies, or
18 corporations meet all the requirements of subdivision (a), shall be
19 deemed to be within the exemption provided for in subdivision
20 (b) of Section 4 and Section 5 of Article XIII of the California
21 Constitution and this section.

22 (d) Property used exclusively for a noncommercial educational
23 FM broadcast station or an educational television station, and
24 owned and operated by religious, hospital, scientific, or charitable
25 funds, foundations, limited liability companies, or corporations
26 meeting all of the requirements of subdivision (a), shall be deemed
27 to be within the exemption provided for in subdivision (b) of
28 Section 4 and Section 5 of Article XIII of the California
29 Constitution and this section.

30 (e) Property used exclusively for religious, charitable, scientific,
31 or hospital purposes and owned and operated by religious, hospital,
32 scientific, or charitable funds, foundations, limited liability
33 companies, or corporations or educational institutions of collegiate
34 grade, as defined in Section 203, which property and funds,
35 foundations, limited liability companies, corporations, or
36 educational institutions meet all of the requirements of subdivision
37 (a), shall be deemed to be within the exemption provided for in
38 subdivision (b) of Section 4 and Section 5 of Article XIII of the
39 California Constitution and this section. As to educational
40 institutions of collegiate grade, as defined in Section 203, the

1 requirements of paragraph (6) of subdivision (a) shall be deemed
2 to be met if both of the following are met:

3 (1) The property of the educational institution is irrevocably
4 dedicated in its articles of incorporation to charitable and
5 educational purposes, to religious and educational purposes, or to
6 educational purposes.

7 (2) The articles of incorporation of the educational institution
8 provide for distribution of its property upon its liquidation,
9 dissolution, or abandonment to a fund, foundation, or corporation
10 organized and operated for religious, hospital, scientific, charitable,
11 or educational purposes meeting the requirements for exemption
12 provided by Section 203 or this section.

13 (f) Property used exclusively for housing and related facilities
14 for elderly or handicapped families and financed by, including,
15 but not limited to, the federal government pursuant to Section 202
16 of Public Law 86-372 (12 U.S.C. Sec. 1701q), as amended, Section
17 231 of Public Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of
18 Public Law 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of
19 Public Law 101-625 (42 U.S.C. Sec. 8013), and owned and
20 operated by religious, hospital, scientific, or charitable funds,
21 foundations, limited liability companies, or corporations meeting
22 all of the requirements of this section shall be deemed to be within
23 the exemption provided for in subdivision (b) of Section 4 and
24 Section 5 of Article XIII of the California Constitution and this
25 section.

26 The amendment of this paragraph made by Chapter 1102 of the
27 Statutes of 1984 does not constitute a change in, but is declaratory
28 of, existing law. However, no refund of property taxes shall be
29 required as a result of this amendment for any fiscal year prior to
30 the fiscal year in which the amendment takes effect.

31 Property used exclusively for housing and related facilities for
32 elderly or handicapped families at which supplemental care or
33 services designed to meet the special needs of elderly or
34 handicapped residents are not provided, or that is not financed by
35 the federal government pursuant to Section 202 of Public Law
36 86-372 (12 U.S.C. Sec. 1701q), as amended, Section 231 of Public
37 Law 73-479 (12 U.S.C. Sec. 1715v), Section 236 of Public Law
38 90-448 (12 U.S.C. Sec. 1715z), or Section 811 of Public Law
39 101-625 (42 U.S.C. Sec. 8013), shall not be entitled to exemption
40 pursuant to this subdivision unless the property is used for housing

1 and related facilities for low- and moderate-income elderly or
2 handicapped families. Property that would otherwise be exempt
3 pursuant to this subdivision, except that it includes some housing
4 and related facilities for other than low- or moderate-income elderly
5 or handicapped families, shall be entitled to a partial exemption.
6 The partial exemption shall be equal to that percentage of the value
7 of the property that is equal to the percentage that the number of
8 low- and moderate-income elderly and handicapped families
9 occupying the property represents of the total number of families
10 occupying the property.

11 As used in this subdivision, “low and moderate income” has the
12 same meaning as the term “persons and families of low or moderate
13 income” as defined by Section 50093 of the Health and Safety
14 Code.

15 (g) (1) Property used exclusively for rental housing and related
16 facilities and owned and operated by religious, hospital, scientific,
17 or charitable funds, foundations, limited liability companies, or
18 corporations, including limited partnerships in which the managing
19 general partner is an eligible nonprofit corporation or eligible
20 limited liability company, meeting all of the requirements of this
21 section, or by veterans’ organizations, as described in Section
22 215.1, meeting all the requirements of paragraphs (1) to (7),
23 inclusive, of subdivision (a), shall be deemed to be within the
24 exemption provided for in subdivision (b) of Section 4 and Section
25 5 of Article XIII of the California Constitution and this section
26 and shall be entitled to a partial exemption equal to that percentage
27 of the value of the property that the portion of the property serving
28 lower income households represents of the total property in any
29 year in which any of the following criteria applies:

30 (A) The acquisition, rehabilitation, development, or operation
31 of the property, or any combination of these factors, is financed
32 with tax-exempt mortgage revenue bonds or general obligation
33 bonds, or is financed by local, state, or federal loans or grants and
34 the rents of the occupants who are lower income households do
35 not exceed those prescribed by deed restrictions or regulatory
36 agreements pursuant to the terms of the financing or financial
37 assistance.

38 (B) The owner of the property is eligible for and receives
39 low-income housing tax credits pursuant to Section 42 of the
40 Internal Revenue Code of 1986, as added by Public Law 99-514.

1 (C) In the case of a claim, other than a claim with respect to
2 property owned by a limited partnership in which the managing
3 general partner is an eligible nonprofit corporation, that is filed
4 for the 2000–01 fiscal year or any fiscal year thereafter, 90 percent
5 or more of the occupants of the property are lower income
6 households whose rent does not exceed the rent prescribed by
7 Section 50053 of the Health and Safety Code. The total exemption
8 amount allowed under this subdivision to a taxpayer, with respect
9 to a single property or multiple properties for any fiscal year on
10 the sole basis of the application of this subparagraph, may not
11 exceed twenty thousand dollars (\$20,000) of tax.

12 (D) (i) The property was previously purchased and owned by
13 the Department of Transportation pursuant to a consent decree
14 requiring housing mitigation measures relating to the construction
15 of a freeway and is now solely owned by an organization that
16 qualifies as an exempt organization under Section 501(c)(3) of the
17 Internal Revenue Code.

18 (ii) This subparagraph shall not apply to property owned by a
19 limited partnership in which the managing partner is an eligible
20 nonprofit corporation.

21 (2) In order to be eligible for the exemption provided by this
22 subdivision, the owner of the property shall do both of the
23 following:

24 (A) (i) For any claim filed for the 2000–01 fiscal year or any
25 fiscal year thereafter, certify and ensure, subject to the limitation
26 in clause (ii), that there is an enforceable and verifiable agreement
27 with a public agency, a recorded deed restriction, or other legal
28 document that restricts the project’s usage and that provides that
29 the units designated for use by lower income households are
30 continuously available to or occupied by lower income households
31 at rents that do not exceed those prescribed by Section 50053 of
32 the Health and Safety Code, or, to the extent that the terms of
33 federal, state, or local financing or financial assistance conflicts
34 with Section 50053, rents that do not exceed those prescribed by
35 the terms of the financing or financial assistance.

36 (ii) In the case of a limited partnership in which the managing
37 general partner is an eligible nonprofit corporation, the restriction
38 and provision specified in clause (i) shall be contained in an
39 enforceable and verifiable agreement with a public agency, or in

1 a recorded deed restriction to which the limited partnership
2 certifies.

3 (B) Certify that the funds that would have been necessary to
4 pay property taxes are used to maintain the affordability of, or
5 reduce rents otherwise necessary for, the units occupied by lower
6 income households.

7 (3) As used in this subdivision, “lower income households” has
8 the same meaning as the term “lower income households” as
9 defined by Section 50079.5 of the Health and Safety Code.

10 (h) Property used exclusively for an emergency or temporary
11 shelter and related facilities for homeless persons and families and
12 owned and operated by religious, hospital, scientific, or charitable
13 funds, foundations, limited liability companies, or corporations
14 meeting all of the requirements of this section shall be deemed to
15 be within the exemption provided for in subdivision (b) of Section
16 4 and Section 5 of Article XIII of the California Constitution and
17 this section. Property that otherwise would be exempt pursuant to
18 this subdivision, except that it includes housing and related
19 facilities for other than an emergency or temporary shelter, shall
20 be entitled to a partial exemption.

21 As used in this subdivision, “emergency or temporary shelter”
22 means a facility that would be eligible for funding pursuant to
23 Chapter 11 (commencing with Section 50800) of Part 2 of Division
24 31 of the Health and Safety Code.

25 (i) Property used exclusively for housing and related facilities
26 for employees of religious, charitable, scientific, or hospital
27 organizations that meet all the requirements of subdivision (a) and
28 owned and operated by funds, foundations, limited liability
29 companies, or corporations that meet all the requirements of
30 subdivision (a) shall be deemed to be within the exemption
31 provided for in subdivision (b) of Section 4 and Section 5 of Article
32 XIII of the California Constitution and this section to the extent
33 the residential use of the property is institutionally necessary for
34 the operation of the organization.

35 (j) (1) *Property used exclusively for charitable purposes and*
36 *located within the former Naval Training Center in San Diego and*
37 *leased for a term of 35 years or more by the City of San Diego or*
38 *the Redevelopment Agency of the City of San Diego to an entity*
39 *that has received an organizational clearance certificate pursuant*
40 *to Section 254.6 (nonprofit entity) or to an entity controlled by*

1 *that nonprofit entity (controlled entity), shall be deemed to be*
2 *within the exemption provided for in subdivision (b) of Section 4*
3 *and Section 5 of Article XIII of the California Constitution and*
4 *this section and shall be entitled to a partial exemption equal to*
5 *that percentage of the value of the property that the portion of the*
6 *property is being used exclusively for charitable purposes*
7 *represents of the total property in any year in which the*
8 *development of the property is being financed with funds made*
9 *available through the federal New Markets Tax Credit Program*
10 *or the federal Tax Credit Program for Qualified Rehabilitation*
11 *Expenditures with respect to Certified Historic Structures. This*
12 *exemption shall apply notwithstanding that the property is*
13 *subleased by the nonprofit entity or the controlled entity to another*
14 *controlled entity.*

15 *(2) For purposes of this section, an entity is controlled by a*
16 *nonprofit entity if the nonprofit entity, or an entity in which the*
17 *nonprofit entity owns 50 percent or more of the stock, profits*
18 *interest, or capital interests of that entity, is sole general partner*
19 *or sole managing member of the controlled entity.*

20 ~~(j)~~

21 *(k) For purposes of this section, charitable purposes include*
22 *educational purposes. For purposes of this subdivision,*
23 *“educational purposes” means those educational purposes and*
24 *activities for the benefit of the community as a whole or an*
25 *unascertainable and indefinite portion thereof, and do not include*
26 *those educational purposes and activities that are primarily for the*
27 *benefit of an organization’s shareholders. Educational activities*
28 *include the study of relevant information, the dissemination of that*
29 *information to interested members of the general public, and the*
30 *participation of interested members of the general public.*

31 ~~(k)~~

32 *(l) In the case of property used exclusively for the exempt*
33 *purposes specified in this section, owned and operated by limited*
34 *liability companies that are organized and operated for those*
35 *purposes, the State Board of Equalization shall adopt regulations*
36 *to specify the ownership, organizational, and operational*
37 *requirements for those companies to qualify for the exemption*
38 *provided by this section.*

39 ~~(t)~~

1 (m) The amendments made by Chapter 354 of the Statutes of
2 2004 shall apply with respect to lien dates occurring on and after
3 January 1, 2005.

4 *SEC. 2. The Legislature finds and declares that a special law*
5 *is necessary and that a general law cannot be made applicable*
6 *within the meaning of Section 16 of Article IV of the California*
7 *Constitution because of the need to resolve the property tax issues*
8 *imposing severe financial burdens on an entity leasing from the*
9 *City of San Diego or the Redevelopment Agency of the City of San*
10 *Diego.*

11 *SEC. 3. If the Commission on State Mandates determines that*
12 *this act contains costs mandated by the state, reimbursement to*
13 *local agencies and school districts for those costs shall be made*
14 *pursuant to Part 7 (commencing with Section 17500) of Division*
15 *4 of Title 2 of the Government Code.*

16 *SEC. 4. Notwithstanding Section 2229 of the Revenue and*
17 *Taxation Code, no appropriation is made by this act and the state*
18 *shall not reimburse any local agency for any property tax revenues*
19 *lost by it pursuant to this act.*

20 *SEC. 5. This bill would take effect immediately as a tax levy.*

21 ~~SECTION 1. Section 107.4 of the Revenue and Taxation Code~~
22 ~~is amended to read:~~

23 ~~107.4. (a) For purposes of paragraph (1) of subdivision (a) of~~
24 ~~Section 107, there is no independent possession or use of land or~~
25 ~~improvements if that possession or use is pursuant to a contract~~
26 ~~that includes, but is not limited to, a long-term lease, for the private~~
27 ~~construction, renovation, rehabilitation, replacement, management,~~
28 ~~or maintenance of housing for active duty military personnel or~~
29 ~~their dependents, or both, if all of the following criteria are met:~~

30 ~~(1) The military housing constructed and managed by private~~
31 ~~contractor is situated on a military facility under military control,~~
32 ~~and the construction of that housing is performed under military~~
33 ~~guidelines in the same manner as construction that is performed~~
34 ~~by the military.~~

35 ~~(2) All services normally provided by a municipality are required~~
36 ~~to be purchased from the military facility or from a provider~~
37 ~~designated by the military.~~

38 ~~(3) The private contractor is not given the right and ability to~~
39 ~~exercise any significant authority and control over the management~~

1 or operation of the military housing, separate and apart from the
2 rules and regulations of the military.

3 (4) The number of units, the number of bedrooms per unit, and
4 the unit mix are set by the military, and may not be changed by
5 the contractor without prior approval by the military.

6 (5) Tenants are designated by a military housing agency.

7 (6) Financing for the project is subject to the approval of the
8 military in its sole discretion.

9 (7) Rents charged to military personnel or their dependents are
10 set by the military.

11 (8) The military controls the distribution of revenues from the
12 project to the private contractor, and the private contractor is
13 allowed only a predetermined profit or fee for constructing the
14 military housing.

15 (9) Evictions from the housing units are subject to the military
16 justice system.

17 (10) The military prescribes rules and regulations governing
18 the use and occupancy of the property.

19 (11) The military has the authority to remove or bar persons
20 from the property.

21 (12) The military may impose access restrictions on the
22 contractor and its tenants.

23 (13) (A) Any reduction or, if that amount is unknown, the
24 private contractor's reasonable estimate of savings, in property
25 taxes on leased property used for military housing under the
26 Military Housing Privatization Initiative (10 U.S.C. Sec. 2871 et
27 seq.) shall inure solely to the benefit of the residents of the military
28 housing through improvements, such as a child care center provided
29 by the private contractor.

30 (B) Notwithstanding Section 532, if the military, in writing or
31 by contract, requires the property tax savings to be held in a reserve
32 account for use as provided by subparagraph (A), the county
33 assessor may levy an escape assessment within four years after
34 July 1 of the assessment year in which the property tax savings
35 are withdrawn from the reserve account.

36 (14) The military housing is constructed, renovated,
37 rehabilitated, remodeled, replaced, or managed under the Military
38 Housing Privatization Initiative, or any successor to that law.

1 ~~(b) This section shall not apply to a military housing unit~~
2 ~~managed by a private contractor that is rented to a tenant who is~~
3 ~~an unaffiliated member of the general public.~~

4 ~~(1) “Unaffiliated member of the general public” means a person~~
5 ~~who is not a current member of the military. A housing unit rented~~
6 ~~to or occupied by a person employed as management or~~
7 ~~maintenance personnel for the military housing property shall not~~
8 ~~be considered to be a unit rented to an unaffiliated member of the~~
9 ~~general public.~~

10 ~~(2) The private contractor shall annually notify the assessor by~~
11 ~~February 15 of any housing units rented to unaffiliated members~~
12 ~~of the general public as of the immediately preceding lien date.~~
13 ~~The private contractor shall be responsible for any property taxes~~
14 ~~on housing units rented to unaffiliated members of the general~~
15 ~~public.~~

16 ~~(c) For purposes of this section, “military facility under military~~
17 ~~control” means a military base that restricts public access to the~~
18 ~~military base.~~